Scancell Holdings plc

REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

for the year ended 30 April 2017

Scancell Holdings plc
COMPANY INFORMATION

DIRECTORS

Dr J Chiplin
Professor L Durrant
Dr M G W Frohn
Dr R M Goodfellow
Ms K Cornish-Bowden
Dr SE Adams
Dr A Lewis

SECRETARY

Eversecretary Limited

REGISTERED OFFICE

John Eccles House
Robert Robinson Avenue
Oxford Science Park
Oxford OX4 4GP

PRINCIPAL PLACE OF BUSINESS

John Eccles House
Robert Robinson Avenue
Oxford Science Park
Oxford OX4 4GP

REGISTERED NUMBER

06564638 (England and Wales)

AUDITOR

Champion Accountants LLP
Chartered Accountants & Statutory Auditor
2nd Floor
Refuge House
33-37 Watergate Row
Chester
CH1 2LE

I am pleased to report on the final results of Scancell Holdings plc (“Group” or the “Company”) for the year ended 30 April 2017.

During the year, the Group announced that the Clinical Study Report (CSR) on the SCIB1 Phase 1/2 clinical trial in patients with Stage III/IV malignant melanoma had been completed on schedule. As of August 2017, 18 out of the 20 patients with resected disease remain alive and seven have now survived for more than five years. The manufacture of a new batch of SCIB1 has been completed and released for clinical use.

The Company has been making good progress in compiling the Investigational New Drug (IND) application to the FDA for the SCIB1 checkpoint inhibitor combination study in the US. The request by FDA for Ichor to provide data on its second generation TriGrid electroporation device has resulted in a short delay to our IND submission. However, we expect that this will be submitted in early 2018.

The Company has made substantial progress on the identification of an ultra-efficient adjuvant for Modi-1. This adjuvant, which will be linked to the Moditope® peptides before injection, stimulates potent cancer killing T cells at up to 100-fold lower doses than could be achieved previously. The Company is currently undertaking process development work on the manufacture of Modi-1 conjugated to the adjuvant with the aim of filing a Clinical Trial Application (CTA) in the UK for the planned Phase 1/2 clinical trial in 2018.

The Board has made significant progress in partnering discussions on both its ImmunoBody® and Moditope® platform product candidates, and progress has continued to be very encouraging since the year-end.

Since the year end, the Group has raised net proceeds of £4.7m from a firm placing of shares. These additional funds will be used to support the Company’s clinical development pipeline arising from the ImmunoBody® platform and initiate clinical development of the first product from the Moditope® platform, Modi-1.

Two Powerful Proprietary Platforms

Scancell is exploiting the unrivalled potential of the human immune system to develop therapeutics that seek out and eliminate cancer using our two proprietary immuno-oncology platforms.

ImmunoBody®

Scancell’s potent innovative DNA-based ImmunoBody® therapies generate ultra-high avidity T cell responses that target and eliminate cancerous tumours. Although there have been some successes, therapeutic cancer vaccine development has been hampered by high failure rates that can in large measure be attributed to a failure to trigger the induction of the high avidity multi-targeted anti-tumour T cell responses that are required to control the disease. Pre-clinical studies have confirmed that the ImmunoBody® platform delivers killer T cell responses that are superior in magnitude to those generated by current cancer vaccines in development. Moreover, different T-cell epitopes can be grafted into the framework allowing for rapid customisation for the targeting of multiple tumour types.

SCIB1 melanoma vaccine

During the year we reported that the final CSR on the SCIB1 Phase 1/2 clinical trial in patients with Stage III/IV malignant melanoma was completed in December 2016. The CSR includes safety, immunology and clinical data from all patients with Stage III/IV melanoma up to 29 October 2015, the date of the last patient's final dose in the main part of the study.

SCIB1 is continuing to deliver robust survival data, with a total of seven patients with resected disease surviving for more than five years, well beyond the established norms. Of the 16 resected Stage III/IV patients who received 2-4 mg doses of SCIB1, only six patients have had recurrence of their disease, of whom, two have died. One patient with unresected disease has also survived for more than five years since starting treatment with SCIB1, despite disease progression. Two of four resected patients who received 8 mg doses of SCIB1 have experienced disease recurrence although none have died.

In last year's accounts, I reported that following quality control analysis the Company had suspended dosing with the existing clinical supplies of SCIB1 as the stored drug product was no longer within its original specification. The Company subsequently signed an agreement with a new GMP manufacturer to supply materials and the new batch of SCIB1 has now been manufactured successfully and was released for clinical use in August 2017.

As a result of the problems with clinical supplies, Scancell suspended its treatment continuation programme in June 2016. Of the eight patients who were previously receiving long term continuation treatment at the time, three have experienced a recurrence of their melanoma. The other five patients remain disease-free. Following a review with our clinical investigators, it was decided not to continue the SCIB1 long term continuation treatment in the five remaining disease-free patients. These patients have received between six and 17 doses of SCIB1 prior to a dosing holiday of more than 15 months. The Company believes that the effects of any further dosing would therefore be difficult to interpret and to justify to the regulatory authorities.

The proposed SCIB1 checkpoint inhibitor combination Phase 2 study in the US will utilise Ichor's latest TriGrid 2.0 clinical device. At the Company's pre-IND meeting in February 2017, the FDA recommended that the technical data from Ichor regarding the new device should be submitted 30-60 days prior to Scancell's own FDA submission. Ichor now anticipates making its Master File submission in mid-November, which will mean a short delay in the submission of the IND application for SCIB1 to the FDA. However, we expect that this will be completed in early 2018 and patient enrolment will still commence in 2018, subject to the availability of sufficient funding for the trial.

Post year-end, we were pleased to announce that a patent for Scancell's DNA ImmunoBody® technology has now been granted in Europe. The European patent, number 2134357, granted by the European Patent Office, covers Scancell's DNA ImmunoBody® platform technology and is key to the protection of the Company's pipeline of ImmunoBody® vaccines, including lead candidates, SCIB1 and SCIB2. On issuance, this patent will extend coverage of Scancell's intellectual property into another important market for Scancell. Counterparts to this patent have already been granted in the United States, Australia and Japan.

SCIB2 lung cancer vaccine

During the year the Company announced a collaboration partnership with the Addario Lung Cancer Medical Institute (ALCMI) and the Bonnie J. Addario Lung Cancer Foundation (ALCF) to evaluate the use of Scancell's second innovative cancer vaccine, SCIB2, from its ImmunoBody® platform to treat non-small cell lung cancer (NSCLC).

The Addario Advanced Collaboration Program brings patients into clinical trials from ALCMI's extensive research consortium of international researchers and member institutions and ALCF's patient support programmes. ALCMI plans to assist Scancell in the design and development of a Phase 1/2 clinical trial with SCIB2 in patients with NSCLC in the US.

Moditope®

Scancell's Moditope® technology is a novel vaccine platform that targets neo-epitopes to overcome immune suppression induced by tumour cells. This is achieved by stimulating the production of CD4+ T cells using citrullinated tumour-associated peptide epitopes which overcome self-tolerance and destroy tumour cells. Pre-clinical studies have shown unprecedented anti-tumour effects can be delivered without requiring checkpoint inhibition.

Modi-1

Modi-1 consists of two citrullinated vimentin peptides and one citrullinated enolase peptide. Vimentin and enolase peptides are highly expressed in triple negative breast cancer, ovarian cancer and sarcoma. Pre-clinical data suggests that Modi-1 should be effective in up to 90% of patients with triple negative breast cancer, up to 95% of patients with ovarian cancer and up to 100% of patients with sarcoma. The Company has recently made substantial progress on the identification of an ultra-efficient adjuvant for Modi-1. This adjuvant, which will be covalently linked to the Moditope® peptides before injection, stimulates potent cancer killing T cells at up to

100-fold lower doses than could be achieved previously. The Company is currently undertaking process development work on the manufacture of Modi-1 conjugated to the adjuvant with the aim of filing a CTA in the UK for the planned Phase 1/2 clinical trial in 2018.

The response from the European patent office on the claims for the Moditope® platform suggests that very broad IP protection for the use of citrullinated peptides for the treatment of cancer is likely.

The Company is continuing discussions on potential commercial partnerships for the Moditope® platform alongside its clinical development plans, with multiple partnering discussions in progress.

Financial

Profit and Loss Account

The Group made an operating loss for the year to 30 April 2017 of £4,548,836 (2016: loss of £3,043,163). There has been a 38% increase in development expenditure to £2,766,098 (2016: £2,009,046) and a 72% increase in administrative expenditure to £1,782,738 (2016: £1,034,117). The major items contributing to the increase in development expenditure are an increase in salary costs as headcount has increased from 9 to 11 together with the cost of manufacturing the new SCIB1 vaccine. The rise in administration expenses is due to changes in management structure including additional rental and set up costs for the Oxford and San Diego offices and a significant increase in expenditure on patents for both the ImmunoBody® and Moditope® platforms.

Overall the loss for the year was £3,544,979 (2016: loss £2,583,273).

Balance Sheet

The cash at bank at 30 April 2017 was £2,672,335 (30 April 2016: £6,527,435) and net assets amounted to £6,499,325 (30 April 2016: £9,992,281).

Share Capital Placing

On 11 May 2017, the Company placed 50,499,999 ordinary 0.1p shares at a price of 10p per share and raised £4.7m net of costs. Together with our existing cash resources and anticipated R&D tax credits, these funds will be used for: the manufacture and clinical development of Modi-1 in sarcomas, breast and ovarian cancers in a Phase 1/2 study; the filing and approval of US IND for SCIB1 checkpoint combination Phase 2 study in melanoma; further development of the product pipeline; and to support working capital requirements, which could add significant incremental value and support the Company's on-going commercial discussions

Staff

The Board recognises that the progress made over the year would not have been possible without the dedication and support of all our staff and, on behalf of the directors, I offer our thanks to them.

Outlook

The Company has recently published robust survival data for SCIB1 showing median observation times in excess of five years in resected patients. These results, together with a successful IND submission to the FDA, will put the Company in a good position to embark upon a US Phase 2 study of SCIB1 in combination with a checkpoint inhibitor. The commencement of such a study is dependent upon the timing and outcome of the IND submission plus the Company's ability to raise sufficient funds to enable the study to be fully funded.

There has been substantial interest in Scancell's SCIB2 product for the treatment of NSCLC. We have already announced a collaboration partnership with the Addario Foundation and we are actively negotiating with other interested parties on development and commercial partnership opportunities.

The Moditope® platform continues to deliver outstanding results as we expand the number of targets under evaluation and prepare for our first clinical trial with Modi-1.

The Company has made further significant progress during the course of the past year on our pipeline of three products (SCIB1, SCIB2, Modi-1). The successful interim fundraising in May 2017 allowed the Company to continue to invest in its product pipeline whilst continuing to explore with its advisers a number of funding options to ensure that the Company has the resources to progress these programmes further. The Board believes that further funding could be best achieved following the execution of a further partnership on the ImmunoBody® or Moditope® platform.

John Chiplin
Chairman

The Remuneration Committee includes all the independent directors and is chaired by Kate Cornish-Bowden. It meets at least once a year and more frequently if required. The Committee is responsible for setting the remuneration policy of the Executive Directors, including terms of employment, salaries, any performance bonuses and share option awards. The Executive Directors also consult the Committee in relation to the remuneration of senior employees and staff share option schemes. The remuneration of the Non-Executive Directors is determined by the Board as a whole.

The key principles underlying all decisions by the Remuneration Committee include the following:

- The need to attract, retain and motivate outstanding executives who have the potential to support the growth of the Scancell and help the Company achieve its strategic objectives.
- The need to ensure that long term incentive plans ('LTIP') are aligned with the interests of shareholders.
- The need to take into account the competitive landscape in the UK biotechnology industry and current best practice in setting appropriate levels of compensation.

The Committee met on three occasions during the financial year. Subjects under discussion included a review of whether remuneration paid met the Company's objectives to reward and incentivise the Executive team. In addition to consulting our key shareholders, the remuneration committee consulted external consultants and considered pay structures in equivalent listed companies in the UK biotech industry.

Directors'remuneration

The table below summarises all directors' emoluments and pension contributions

	2016/17		2015/16	
	Salary, bonus and fees	Pension	Salary, bonus and fees	Pension
Dr J Chiplin[1] (appointed Exec Chair May 2016)	175,000	-	46,575	-
D E Evans (resigned 7 January 2016)	-	-	10,000	-
Dr R M Goodfellow[2]	227,083	-	169,466	-
Professor L G Durrant	179,167	-	125,242	-
Dr S E Adams[3]	157,500	30,000	104,792	40,625
Dr M G W Frohn	25,000	-	15,833	-
K Cornish-Bowden	25,000	-	15,833	-
Dr A Lewis (appointed 12 August 2016)	15,000	-	-	-
	803,750	**30,000**	**487,741**	**40,625**

Notes:

1 The increase in salary reflects Dr J Chiplin's agreement to take up the interim role of Executive Chairman of the company.
2 The increase in salary reflects Dr R M Goodfellow's move to a full time role as sole CEO of the company.
3 The increase in salary reflects Dr S E Adams' move to a full time role as CDO of the Company.

Directors' share options

The Remuneration Committee believes that the issue of options is a useful tool in motivating executives and ensuring their interests are aligned with those of our shareholders. All options are subject to time vesting schedules to ensure retention and stretching performance hurdles to ensure that rewards are consistent with delivery of strategic goals. Examples of performance hurdles include progress in clinical development programs, partnering and share price targets.

At 30 April, 2017 the following directors held options over the shares of the Company.

	Type	*Grant Price*	*At 30/04/2017*	*At 30/04/2016*	*Issue Date*	*Date of expiry*
Dr J Chiplin	Unapproved	17.0p	3,000,000	3,000,000	18/04/2016	18/04/2026
Dr R M Goodfellow	EMI	4.5p	2,880,000	2,880,000	14/07/2010	14/07/2020
	Unapproved	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
	Unapproved	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
Prof L G Durrant	EMI	4.5p	3,850,000	3,850,000	14/07/2010	14/07/2020
	Unapproved	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
	Unapproved	33.2p	1,750,000	1,750,000	11/12/2013	31/12/2023
Dr S E Adams	EMI	30.5p	250,000	250,000	18/06/2014	18/04/2024
	EMI	30.5p	250,000	250,000	18/06/2014	18/04/2024

There were no new options issued to Directors during the financial year. The process of ensuring that the LTIP is effective in its goal of motivating and rewarding our executives is on-going. We will continue to take into account the views of our legacy and new shareholders as we review the appropriateness of the LTIP during this next phase of growth for your Company.

Kate Cornish-Bowden
Chairman Remuneration Committee

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was that of the discovery and development of novel vaccines for the treatment of cancer.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

A detailed review of the business and likely future developments is included in the Chairman's statement on page 2.

The results of the Group for the year are set out in the profit or loss and other comprehensive income statement on page 13.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board meets regularly to review the operations of the business and discuss risk areas.

A system of internal controls has been established and the Board ensures that management keeps these processes under regular review and improves them where appropriate. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Given the nature of the business there is a technical risk that the underlying scientific assumptions and hypotheses that underpin both the Immunobody® and Moditope® platforms are unable to be further validated in human clinical trials. In order to mitigate this risk the Group employs external consultants and advisers to review these underlying assumptions and the results from clinical trials. The Board considers these assessments and internal documentation on a regular basis and where necessary will amend or adjust the Group's strategy.

There is also a funding risk, whereby the Group may not have sufficient funds to complete the clinical trials. The Board reviews the time-lines for completing projects in conjunction with cashflow projections to ensure that the Group will have the necessary cash resources available.

Key performance indicators:
Due to the nature of the business, the key performance indicator used by the Group is the monitoring of income and expenditure against approved budgets.

By approval of the Board on 12th September 2017

John Chiplin
Chairman

The directors submit their report and financial statements of Scancell Holdings plc and its subsidiary, Scancell Limited for the year ended 30 April 2017. Both companies are registered in England and Wales and Scancell Holdings plc is quoted on the AIM market.

RESULTS AND DIVIDENDS

The Group's results for the year ended 30 April 2017 are shown in the consolidated profit or loss and other comprehensive income statement on page 13. No dividends will be distributed for the year.

FUTURE DEVELOPMENTS AND RESEARCH AND DEVELOPMENTS

A detailed review is included in the Chairman's statement on page 2.

DIRECTORS AND THEIR INTERESTS

The members of the Board, who have served during the financial year are detailed below. Their interests in the shares of the Group at 30 April 2017and 2016 are set out below

	30 April 2017		30 April 2016	
	Owned	Jointly owned	Owned	Jointly owned
Dr J Chiplin	58,823	Nil	58,823	Nil
Prof L G Durrant	1,665,783	8,773,960	1,665,783	8,773,960
Dr M G W Frohn	58,823	Nil	58,823	Nil
Dr R M Goodfellow	258,823	6,343,840	258,823	6,343,840
Ms K Cornish-Bowden	103,823	Nil	103,823	Nil
Dr S E Adams	58,823	Nil	58,823	Nil
Dr A Lewis	Nil	Nil	Nil	Nil
(appointed 22nd August 2016)				

In addition, the Directors have been granted share options in Scancell Holdings plc as outlined in the Directors Remuneration report. Further details of all options outstanding, including those issued to employees, and fair value calculations can be found in note 16 to the Accounts.

SUBSTANTIAL SHAREHOLDINGS

The directors have been notified, or are aware of, the following interests in 3% or more of the ordinary share capital of the company (excluding directors) at 11 September 2017:

	Ordinary shares at 0.1p each	
	Number	Percentage
Ferlim Nominees Limited	50,212,756	16.09%
Share Nominees Limited	28,774,410	9.22%
Hargreaves Lansdown Nominees Limited	25,052,351	8.03%
Barclays Direct Investing Nominees Limited	18,829,748	6.03%
Nortrust Nominees Limited	16,000,000	5.13%
The Bank of New York Nominees Limited	12,750,000	4.09%
Rock Nominees Limited	12,127,414	3.89%

STRUCTURE OF THE COMPANY'S CAPITAL

The Company's share capital is traded on the AIM market and comprises a single class of ordinary shares of 0.1 pence, each carrying one voting right and all ranking equally with each other. At 30 April 2017 261,558,099 shares were allotted and fully paid. On 11th May 2017 the Company raised £5,050,000 gross proceeds by a private placing of 50,499,999 ordinary shares at a price of 10p per share. The total issued share capital at 11th September 2017 is 312,058,098.

Details of employee share option schemes are set out in Note 16 to the financial statements. Participants in employee share schemes have no voting or other rights in respect of the shares subject to their awards until the options are exercised, at which time the shares rank pari passu in all respects with shares already in issue.

DIRECTORS' INDEMNITY

The directors and officers of the Company are insured against any claims arising against them for any wrongful act in their capacity as a director, officer or employee of the Company, subject to the terms and conditions of the policy.

CORPORATE GOVERNANCE

The directors acknowledge the importance of the principles set out in the Combined Code issued by the Committee on Corporate Governance (the "Combined Code"). Although the Combined Code is not compulsory for AIM quoted companies, the directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

Your Board comprises an executive Chairman, three executive directors and three non- executive directors. Your Board meets regularly to consider strategy, performance, approval of major capital projects and the framework of internal controls. In addition, the executive directors meet on a monthly basis for operational meetings. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Subject to the terms of the executive directors' service contracts, directors are subject to retirement by rotation and re-election by the Shareholders at Annual General Meetings on a three-year cycle, as required by the Articles of Association and any director appointed by the Board shall hold office only until the next Annual General Meeting and shall then be eligible for election.

The directors have established Audit and Remuneration Committees. All non- executive directors are members of the Audit and Remuneration Committees.

The Audit Committee has Matthew Frohn as Chairman, and has primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee meets at least twice a year.

The Remuneration Committee has Kate Cornish-Bowden as Chairman, and will review the performance of the executive directors and determine their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee meets not less than once every year.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have also prepared the company financial statements in accordance with International Financial Reporting Standards ("IFRS").

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company's financial statements are required by law to give a true and fair view of the state of affairs of the company.

In the company's financial statements, the directors are required to:

a select suitable accounting policies and then apply them consistently;
b make judgements and estimates that are reasonable and prudent;
c for the company financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU;
d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS
The auditors, Champion Accountants LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By approval of the Board on 12th September 2017

John Chiplin
Chairman

Independent Auditor's Report to the Shareholders of Scancell Holdings plc

We have audited the financial statements of Scancell Holdings plc for the year ended 30 April 2017 which comprise the Consolidated Profit or Loss and Other Comprehensive Income Statement, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at :
www.frc.org.uk/apb/scope/private.cfm

Opinion
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2017, and of the group's loss for the year then ended;
- the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Champion Accountants LLP

Susan *Harris MA ACA*
Senior Statutory Auditor, for and on behalf of
Champion Accountants LLP
Chartered Accountants & Statutory Auditor

2nd Floor, Refuge House
33-37 Watergate Row,
Chester CH1 2LE

12th September 2017

Scancell Holdings plc

CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

for the year ended 30 April 2017

	Notes	2017 £	2016 £
Development expenses		(2,766,098)	(2,009,046)
Administrative expenses		(1,782,738)	(1,034,117)
OPERATING LOSS	3	(4,548,836)	(3,043,163)
Interest receivable and similar income		53,445	13,552
LOSS BEFORE TAXATION		(4,495,391)	(3,029,611)
Taxation	4	950,412	446,338
LOSS FOR THE YEAR		(3,544,979)	(2,583,273)
Attributable to:			
Equity holders of the parent company		(3,544,979)	(2,583,273)
EARNINGS PER ORDINARY SHARE (pence)	5		
Continuing			
Basic		(1.36p)	(1.14p)
Diluted		(1.36p)	(1.14p)

Scancell Holdings plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2017

	Share Capital	Share Premium	Share Option	Retained Earnings	Total
	£	£	£	£	£
Balance 1st May 2015	224,951	16,036,276	613,726	(10,120,951)	6,754,002
Share issue	36,607	6,186,653			6,223,260
Expenses of issue		(437,634)			(437,634)
Loss for the year				(2,583,273)	(2,583,273)
Share option charge			35,926		35,926
Balance 30 April 2016	261,558	21,785,295	649,652	(12,704,224)	9,992,281
Loss for the year				(3,544,979)	(3,544,979)
Share option charge			52,023		52,023
Balance 30 April 2017	261,558	21,785,295	701,675	(16,249,203)	6,499,325

Scancell Holdings plc
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2017

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Plant and machinery	9	93,109	64,611
Goodwill	10	3,415,120	3,415,120
		3,508,229	3,479,731
Current assets			
Trade and other receivables	12	101,803	120,765
Tax receivables		748,837	440,001
Cash and cash equivalents		2,672,335	6,527,435
		3,522,975	7,088,201
TOTAL ASSETS		7,031,204	10,567,932
LIABILITIES			
Current Liabilities			
Trade and other payables	13	(531,879)	(575,651)
TOTAL LIABILITIES		(531,879)	(575,651)
NET ASSETS		6,499,325	9,992,281
SHAREHOLDERS' EQUITY			
Called up share capital	14	261,558	261,558
Share premium	15	21,785,295	21,785,295
Share option reserve	15	701,675	649,652
Profit and loss account	15	(16,249,203)	(12,704,224)
TOTAL SHAREHOLDERS' EQUITY		6,499,325	9,992,281

These financial statements were approved by the directors and authorised for issue on 12th September 2017 and are signed on their behalf by:

John Chiplin
Director

Scancell Holdings plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2017

	Notes	2017 £	2016 £
Operating activities			
Cash generated from operations	19	(4,489,042)	(2,997,585)
Income taxes received		641,576	666,841
Net cash from operating activities		**(3,847,466)**	**(2,330,744)**
Investing activities			
Grant monies		-	9,776
Assets acquisition		(61,079)	
Other income		47,060	-
Finance income		6,385	3,776
Net cash used by investing activities		(7,634)	13,552
Financing activities			
Proceeds from issue of share capital		-	6,223,260
Expenses of share issue		-	(437,634)
Net cash generated from financing activities		-	5,785,626
Net increase/(decrease) in cash and cash equivalents		**(3,855,100)**	**3,468,434**
Cash and cash equivalents at beginning of the year		**6,527,435**	**3,059,001**
Cash and cash equivalents at end of the year		**2,672,335**	**6,527,435**

1 ACCOUNTING POLICIES

Basis of Preparation
These financial statements were approved by the board of directors on 12 September 2017.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and present the results of Scancell Holdings plc and its subsidiary Scancell Limited.

The financial statements have been prepared on the going concern basis on the grounds that the directors have reviewed the funding available and the group's cash flow forecast and are content that, following the issue of shares on 11th May 2017 which raised £4.7m net proceeds, sufficient resources are available to enable the group to continue in operation for at least twelve months from the date of approval of these accounts.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policies below.

The financial statements are presented in sterling which is the functional currency of the company rounded up to the nearest pound.

New standards and interpretation
At the date of authorisation of these financial statements a number of new Standards and Interpretations have been issued but are not yet effective and have not been applied in these financial statements.

The directors do not believe that the adoption of these Standards and Interpretations would have a material impact on the financial statements of the Group. The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

Key sources of estimation and uncertainty
The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements such as intangible assets. Although these estimates are based upon management's best knowledge of the amount event or actions, actual results may ultimately differ from those estimates. In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Identification and valuation of intangible assets on acquisition
The directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential and other relevant factors. These fair values will be reviewed for indications of impairment annually.

Segmental analysis
The Group's principal activity consists of the discovery and development of novel monoclonal antibodies and vaccines for the treatment of cancer. The directors believe that these activities comprise one operational segment and consequently segmental analysis by business segment is not considered necessary.

Share-based payments
In calculating the fair value of equity-settled share-based payments using the Black-Scholes option pricing model, the directors are required to exercise their judgement in determining input parameters which may have a material effect on the fair value calculated.

BUSINESS COMBINATIONS

The financial statements incorporate the financial statements of the Company and its subsidiary, Scancell Limited. Unrealised gains on transactions between the Group and its subsidiary are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group since date of transition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any costs related to the acquisition are expensed in the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of assets and liabilities is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the consolidated profit or loss and other comprehensive income statement.

Subsidiary:

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly (but normally through voting rights granted through the Company's shareholdings), to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements.

Acquisitions:

On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the consolidated profit or loss and other comprehensive income statement. Impairment is determined by comparing the recoverable amount of goodwill with its carrying value. For goodwill, the carrying value is compared to the market capitalisation of Scancell Holdings plc, as quoted on AIM at the year end. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the consolidated profit or loss and other comprehensive income statement to its recoverable amount.

The Directors have carried out an impairment review of goodwill carried forward at the balance sheet date and do not believe that an adjustment for impairment is necessary.

The results and cash flows relating to the business are included in the consolidated accounts from the date of combination.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and net of discounts and sales related taxes at the point when the company is legally entitled to the income.

EXPENDITURE

All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category of expenditure.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery	- 25% on reducing balance
Computer Equipment	- 33% on reducing balance

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is immediately recognised as an expense, in the consolidated profit or loss and other comprehensive income statement. The recoverable amount is the greater of an asset's value in use or its fair value less costs to sell. Where the recoverable amount is less than the carrying value, the asset is considered impaired and is written down through the consolidated profit or loss and other comprehensive income statement to its recoverable amount less costs to sell.

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if amortisation of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxation profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary differences can be utilised.

Deferred tax is provided on temporary differences arising in the subsidiary company except where the timing of reversal of the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected to fall from the manner in which the asset or liability is recovered or settled.

INVESTMENTS

Investments in subsidiaries are stated at cost less any provisions for impairment. An impairment is recognised when the recoverable amount of the investment is less than the carrying amount.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

An internally generated asset arising from the group's development activities is only recognised if all of the following criteria are met:
- technical feasibility of completing the intangible asset so that it will be available for sale
- intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- the intangible asset will generate future economic benefit
- resources are available both technically and financially in order to complete the development.

In the case of development projects undertaken by the group, regulatory and other uncertainties generally mean that such criteria are not met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

FOREIGN CURRENCIES

Foreign currency assets and liabilities are converted to sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are converted to sterling at the rates of exchange ruling at the transaction date. All of the resulting exchange differences are recognised in the profit and loss account as they arise.

CASH

Cash includes cash-in-hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

CREDITORS AND PROVISIONS
Creditors and provisions are recognised when the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount to be settled can be reliably measured or estimated.

EQUITY
Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Retained earnings include all current and prior period results as disclosed in the consolidated profit or loss and other comprehensive income statement.
- Share-based payment reserve is the corresponding entry to the expense arising from equity-settled share-based payments.

SHARE BASED PAYMENTS
In accordance with IFRS2 – 'Share based payments', a charge is made for all share –based payments including share options based upon the fair value of the instrument issued.
Under IFRS 2 the charge in the Profit and Loss Account for granted share options is based upon the fair value of the options at grant date and is charged over the expected vesting period. Estimates of leaver rates are taken into account over the vesting period. A charge has been recognised for all awards granted and is charged to the same expense category as the remuneration costs for the employee to whom the share award has been made. An equivalent amount is credited to the share option reserve in the balance sheet, with no resulting impact on net assets. The share options have been granted to directors and employees in the subsidiary company, Scancell Limited. Within Scancell Holdings plc, the parent company, a credit has been made to the share option reserve whilst the debit is treated as an increase in the value of the subsidiary company.

2 SEGMENT REPORTING
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

The directors consider that the group operated within a single business segment.

3 OPERATING LOSS

	2017	2016
	£	£
Operating Loss is stated after charging/(crediting):		
Depreciation on tangible fixed assets	32,581	21,893
Operating lease rentals	50,580	12,500
Research and development	2,766,098	2,009,046
Auditors' remuneration – fee payable for audit of the company	8,250	8,250
Auditors' remuneration – fee payable for audit of the subsidiary company	11,000	10,775
Auditors' remuneration for non-audit services	1,500	1,500
Directors' remuneration	543,382	330,448

4 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2017	2016
Current tax	£	£
UK corporation tax credits due on R&D expenditure	748,837	440,001
Adjustment to prior year	201,575	6,337
	950,412	446,338

Factors affecting the tax credit

The tax assessed for the years is lower than the applicable rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Loss on ordinary activities before tax	(4,495,391)	(3,029,611)
Loss on ordinary activities multiplied by the small company rate of tax in the UK (19.92%/20%)	(895,482)	(605,922)
Effects of:		
Disallowed expenditure	10,363	8,733
Timing differences	(6,465)	7,777
Enhanced tax relief on R&D expenditure	(581,466)	(343,593)
Reduced tax relief for losses surrendered for R&D tax credits	279,910	166,897
Prior year (under)/ over provision	(201,575)	(6,337)
Unrelieved losses carried forward	444,303	326,107
Current tax (credit)	(950,412)	(446,338)

The Group has tax losses to carry forward against future profits of approximately £12,808,000 (2016: £11,180,000).

A deferred tax asset has not been recognised in respect of these losses as the Group does not anticipate sufficient taxable profits to arise in the foreseeable future to fully utilise them.

The estimated value of the deferred tax asset not recognised measured at the prevailing rate of tax when the timing differences are expected to reverse is £2,164,000 (2016: £1,888,000).

5 EARNINGS PER SHARE

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2017	2016
	£	£
Earnings used in calculation of basic earnings per share	(3,544,979)	(2,583,273)
	Number	Number
Weighted average number of ordinary shares of 0.1p each for the calculation of basic earnings per share	261,558,099	227,558,335

Diluted earnings per share

As the Group is reporting a loss from continuing operations for both years then, in accordance with IAS33, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

On 11 May 2017, the Company issued a further 50,499,999 ordinary shares which increased the number of shares in issue to 312,058,098.

6 STAFF COSTS

	2017	2016
		£
Directors' salaries	456,250	259,959
Wages and salaries	501,631	345,123
Social security costs	109,805	63,847
Pension contributions -directors	30,000	40,625
	1,097,686	709,554

A charge for share based payments totalling £52,023 (2016: £35,926) was made in the year.

	2017	2016
	No.	No.
The average monthly number of persons during the year was:		
Research employees	11	9
Other employees	3	1
	14	10

7 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Professor L Durrant received salary of £21,667 (2016: £10,417); Dr RM Goodfellow received salary of £227,083 (2016: £127,334); Dr S E Adams received a salary of £157,500 (2016: £104,792); Dr M Frohn received a salary of £25,000 (2016: £15,833) and Miss K Cornish-Bowden received a salary of £25,000 (2016 £2,083). Details of consulting services provided by these directors are disclosed in note 18. In addition, a charge for share based payments totalling £52,023 (2016: £35,296) was made in the year.

Dr S E Adams has retirement benefits accruing under a money purchase scheme.

8 LOSS OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss and other comprehensive income of the parent company is not presented as part of these financial statements.

The parent company's loss and other comprehensive income for the financial year was £74,577 (2016: loss £272,995)

9 TANGIBLE FIXED ASSETS

current year	Computer Equipment £	Plant and machinery £	Total £
COST			
As at 1 May 2016	19,673	465,540	485,213
Additions	13,295	47,784	61,079
As at 30 April 2017	32,968	513,324	546,292
DEPRECIATION			
As at 1 May 2016	18,482	402,120	420,602
Charge for the year	4,780	27,801	32,581
As at 30 April 2017	23,262	429,921	453,183
NET BOOK VALUE			
At 30 April 2017	9,706	83,403	93,109
At 1 May 2016	1,191	63,420	64,611

prior year	Computer Equipment £	Plant and machinery £	Total £
COST			
As at 1 May 2015	19,673	465,540	485,213
Additions	-	-	-
As at 30 April 2016	19,673	465,540	485,213
DEPRECIATION			
As at 1 May 2015	17,896	380,813	398,709
Charge for the year	586	21,307	21,893
As at 30 April 2016	18,482	402,120	420,602
NET BOOK VALUE			
At 30 April 2016	1,191	63,420	64,611
At 1 May 2015	1,777	84,727	86,504

10 GOODWILL

	£
At 1May 2015 and 2016	3,415,120
Additions	-
At 30 April 2016 and 2017	3,415,120

Goodwill is allocated to cash generating units (‘CGU’) and in the opinion of the directors the Group consists of a single CGU. The goodwill arose on the acquisition of the wholly owned subsidiary company, Scancell Limited and is considered to have an indefinite life. The directors have carried out an impairment review of the goodwill arising on the acquisition of Scancell Limited. The Group has no budgeted revenues for the foreseeable future and so the directors have compared the market capitalisation of Scancell Holdings plc, as quoted on AIM at the year end with the carrying value of goodwill and believe that no impairment is necessary.

11 FIXED ASSET INVESTMENTS

COMPANY - shares in group undertaking	£
Cost at 1 May 2015	5,175,554
Share options exercised	-
Share options granted	35,926
Cost at 30 April 2016	5,211,480
Share options exercised	-
Share options granted	52,023
Cost at 30 April 2017	5,263,503

The company's investment at the balance sheet date represents 100% of the ordinary share capital of its subsidiary company, Scancell Limited, registered in the UK whose business is the discovery and development of treatments for cancer. There are no significant restrictions within the group regarding access or use of assets or settling liabilities.

At 30 April 2017 the aggregate capital and reserves of Scancell Limited was £(12,781,789) (2016: £(9,363,409)) and its loss for the financial year was £3,470,403 (2016:Loss of £2,309,151)

12 TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
VAT	61,906	97,198
Prepayments	39,897	23,567
	101,803	120,765

13 TRADE AND OTHER PAYABLES

	2017	2016
	£	£
Trade payables	274,686	317,224
Taxation and social security	34,783	46,730
Other payables	222,410	211,697
	531,879	575,651

14 SHARE CAPITAL

	2017	2016
	No.	No.
Allotted, issued and fully paid		
0.1p ordinary shares	261,558,099	261,558,099
	£	£
Allotted, issued and fully paid		
0.1p ordinary shares	261,558	261,558

Since the year end, on 11th May 2017, the company issued 50,499,999 ordinary shares at 10p each and raised £5,050,000.

All shares rank pari passu with voting rights and entitlement to dividend.

15 MOVEMENT ON SHARE CAPITAL AND RESERVES

GROUP

	Share Capital	Share Premium	Share Option	Retained Earnings	Total
	£	£	£	£	£
Balance 1st May 2015	224,951	16,036,276	613,726	(10,120,951)	6,754,002
Share issue	36,607	6,186,653			6,223,260
Expenses of issue		(437,634)			(437,634)
Loss for the year				(2,583,273)	(2,583,273)
Share option charge			35,926		35,926
Balance 30 April 2016	261,558	21,785,295	649,652	(12,704,224)	9,992,281
Loss for the year				(3,544,979)	(3,544,979)
Share option charge			52,023		52,023
Balance 30 April 2017	261,558	21,785,295	701,675	(16,249,203)	6,499,325

COMPANY

	Share Capital	Share Premium	Share Option	Retained Earnings	Total
	£	£	£	£	£
Balance 1st May 2015	224,951	16,036,276	613,726	(1,270,329)	15,604,624
Share issue	36,607	6,186,653			6,223,261
Expenses of issue		(437,634)			(437,634)
Loss for the year				(272,995)	(272,995)
Share option charge			35,926		35,926
Balance 30 April 2016	261,558	21,785,295	649,652	(1,543,324)	21,153,182
Loss for the year				(74,577)	(74,577)
Share option charge			52,023		52,023
Balance 30 April 2017	261,558	21,785,295	701,675	(1,617,900)	21,130,628

16 SHARE OPTIONS

The parent company, Scancell Holdings plc, has granted options to members of staff as follows:

Share Scheme	Grant Date	Option Price	Number of shares	Period within which options are exercisable From	To
EMI	02.12.08	5.0p	290,000	02.12.11	02.12.18
	02.12.08	31.3p	120,000	02.12.11	02.12.18
	02.01.09	6.0p	145,000	02.01.12	01.01.19
	13.07.10	4.5p	6,730,000	02.12.11	14.07.20
	02.09.14	33.0p	180,000	02.09.17	02.09.24
	18.06.14	30.5p	500,000	18.06.17	18.06.24

The market price of the shares at 30 April 2017 was 12.4p and, the range during the year was 12.4p to 20.66p. Options may normally be exercised in whole or in part within the period of three to ten years after the date of the grant.

Further unapproved shares have been issued as follows:

Share Scheme	Grant Date	Option Price	Number of shares	Period within which options are exercisable From	To
Unapproved	02.04.09	2.5p	58,640	02.04.12	02.04.19
	01.12.08	6.0p	3,040,000	02.12.11	02.12.18
	29.06.10	4.5p	3,184,620	30.09.11	17.10.17
	29.06.10	4.5p	3,184,630	28.02.13	23.04.21
	02.12.08	9.4p	29,320	02.04.12	02.04.19
	10.12.13	33.2p	7,000,000	11.12.14	11.12.26
	18.04.16	17.0p	3,000,000	18.04.17	18.04.26

At 30 April 2017 the following options are held by directors of the company:

	Options At 30.04.16	Additions in the year	Options at 30.04.17	Exercise price	Date first exercisable	Expiry date
EMI Scheme						
L Durrant	3,850,000		3,850,000	4.5p	02.12.11	14.07.20
R Goodfellow	2,880,000		2,880,000	4.5p	02.12.11	14.07.20
S Adams	500,000	-	500,000	30.5p	18.06.17	18.06.24
Unapproved						
L Durrant	3,500,000		3,500,000	33.2p	10.12.14	31.12.23
R Goodfellow	3,500,000		3,500,000	33.2p	10.12.14	31.12.23
J Chiplin	3,000,000		3,000,000	17.0p	18.04.17	18.04.26

The weighted average exercise prices over the year were as follows:

	Number	Weighted Average Exercise Price
Enterprise Management Scheme		
Revised number of options outstanding at 1 May 2016 and at 30 April 2017	7,965,000	7.2p
Number of EMI options exercisable at 30 April 2017	7,285,000	5.09

SHARE OPTIONS (continued)

Unapproved Scheme		
Revised number of options outstanding at 1 May 2016 and at 30 April 2017	19,497,210	30.5p
Exercisable at 30 April 2017	19,497,210	30.5p

Within the unapproved options are those granted to ICHOR Medical Systems Inc ("ICHOR") pursuant to the License and Supply Agreement ('the Agreement') dated 13 July 2009. Under the terms of the Agreement, ICHOR agreed to supply its TriGrid™ electroporation device for Scancell's pre-clinical and forthcoming clinical studies with SCIB1 and gave Scancell an option to license TriGrid™ for commercial use on achievement of certain milestones and payment of royalties. In return, ICHOR was granted options to subscribe for ordinary shares in the Company. The options have been granted at 4.5p per share and vest as follows.

3,184,620	on commencement of first Phase II clinical trial
3,184,630	on completion of first Phase II clinical trial

Each tranche of the options may be exercised at any time in the five year period after the relevant vesting date.

All share options are equity settled. Vesting conditions for employees are time based and vesting conditions for options issued to Directors are set out in the Directors' Remuneration Report.

17 SHARE BASED PAYMENTS

The Group operates a number of share based incentive schemes as detailed in note 16 above. The fair value of the awards granted and the assumptions used in the calculations are as follows:

Date of Grant	**Type of Award**	**Number of Awards**	**Exercise Price**	**Share price at grant date**	**Fair value per option**
2 December 2008	EMI	290,000	5.0p	5.8p	3.3p
2 December 2008	EMI	120,000	31.3p	5.8p	0.2p
2 December 2008	Unapproved	3,040,000	6.0p	5.8p	3.3p
2 January 2009	EMI	145,000	6.0p	5.8p	3.3p
2 April 2009	Unapproved	58,640	2.5p	4.0p	2.7p
2 April 2009	Unapproved	29,320	9.4p	4.0p	1.5p
29 June 2010	Unapproved	6,369,250	4.5p	6.0p	2.2p
14 July 2010	EMI	6,730,000	4.5p	6.25p	2.1p
10 December 2013	Unapproved	7,000,000	33.2p	36.0p	4.0p
18 June 2014	EMI	500,000	30.5p	30.5p	3.0p
18 April 2016	Unapproved	3,000,000	17.0p	17.0p	3.0p

The number of shares shown above has been adjusted for the sub-division of shares that occurred in July 2011.

A description of the key assumptions used in calculating the share-based payments follows.

1. The Black-Scholes valuation methodology was used.
2. The expected volatility is based upon historical volatility over a period of time and amounted to 10.2%
3. The expected life used in the model varies between two and five years and is based upon management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.
4. The risk-free rate is based upon the prevailing UK bank base rate at grant date.
5. Expected dividend yield is nil.

18 RELATED PARTY TRANSACTIONS

During the year, the following directors provided consultancy services to the company as follows:

	2017 Total	2016 Total
Professor L Durrant	£157,500	£114,825
Dr R.M Goodfellow	£nil	£42,132
Dr J Chiplin	£175,000	£46,575
Mr D Evans	£nil	£10,000
Ms K Cornish-Bowden	£nil	£13,750
Dr A Lewis	£15,000	£nil

At the end of the year the following balances were outstanding:

	2017	2016
Professor L Durrant	£15,541	£12,556
Dr J Chiplin	£nil	£19,466

All of the above transactions were conducted under normal commercial terms.

Professor L Durrant, and Dr J Chiplin provided their consultancy through limited companies.

In addition to the above the Company has a current account with its subsidiary company, Scancell Limited. At the year end the balance owing by Scancell Limited amounted to £15,355,966 (2016: £15,495,087). The current account balance is interest free and there are no set repayment terms.

19 RECONCILIATION OF LOSS BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Loss before taxation	(4,495,391)	(3,029,611)
Adjustments for:		
Share option costs	52,023	35,926
Depreciation of computers, plant and equipment	32,581	21,893
Other income	(53,445)	(13,552)
Operating cash flows before movement in working capital	(4,464,232)	(2,985,344)
Decrease/ (Increase) in amounts receivable	18,962	16,020
(Decrease)/Increase in amounts payable	(43,772)	(28,261)
Net cash outflow from operating activities	(4,489,042)	(2,997,585)

20 FINANCIAL INSTRUMENTS

The Group holds or issues financial instruments in order to achieve two main objectives, being:
(a) to finance its operations; and
(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance.

In addition, various financial instruments (e.g. receivables, trade payables, accruals and prepayments) arise directly from the Group's and the Company's operations. Transactions in financial instruments result in the Group assuming or transferring to another party one or more of the financial risks described below.

The Group currently finances its operations through reserves of cash and liquid resources and does not have a borrowing requirement. Surplus cash at bank is placed on deposits at variable rates. The Board monitors the financial markets and the Group's own requirements to ensure that the policies are exercised in the Group's best interests.

Liquidity risk
Liquidity risk is the risk that the Group and Company will not be able to meet their financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation.

Market risk
Market risk is the risk that changes in market prices, such as interest rates and exchange rates will affect the Group and Company's income or the value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters whilst optimising the return.

The Group has no financial assets other than sterling current account balances of £2,672,335 (2016: £6,527,435) which are instantly available funds attracting variable rates of interest.

Historically the Group has not used derivative instruments to hedge against possible risks arising from fluctuations in foreign currency exchange rates as the exposure is limited. If foreign currency exposure increases, the use of foreign currency hedging instruments will be reviewed as a means of reducing the effect of exchange rate fluctuations on the Group's results.

Credit risk
Credit risk is the risk of financial loss to the Group and Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from a company's receivables from Customers. The Group and Company have no third party customers and so this risk is viewed as minimal.

Maturity of financial liabilities
All of the Group's financial liabilities as at 30 April 2017 are payable within less than one year.

Fair values
All of the Group's financial assets and liabilities are initially recognised at transaction value. There is no material difference between the book value and the fair value of the Group's financial assets or liabilities.

The Group's financial instruments comprise cash and cash equivalents, borrowings and items such as trade payables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

Financial instruments

Group

	2017	2016
	£	£
Financial assets		
Cash and cash equivalents	2,672,335	6,527,435
Trade and other receivables	850,640	560,766
Financial liabilities		
Trade and other payables	(531,879)	(575,651)

Company

	2017	2016
Financial assets		
Cash and cash equivalents	611,205	550,982
Trade and other receivables	15,393,423	15,588,792
Financial liabilities		
Trade and other payables	(137,505)	(168,073)

The carrying amounts are equal to the fair value therefore no impairment is required.

21 OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
Land and buildings	£	£
Within one year	15,949	12,500
Between one and five years	-	8,333
Later than five years	-	-
	15,949	20,833

	Share Capital	Share Premium	Share Option	Retained Earnings	Total
	£	£	£	£	£
Balance 1st May 2015	224,951	16,036,276	613,726	(1,270,329)	15,604,624
Share issue	36,607	6,186,653			6,223,261
Expenses of issue		(437,634)			(437,634)
Loss for the year				(272,995)	(272,995)
Share option charge			35,926		35,926
Balance 30 April 2016	261,558	21,785,295	649,652	(1,543,324)	21,153,182
Loss for the year				(74,577)	(74,577)
Share option charge			52,023		52,023
Balance 30 April 2017	261,558	21,785,295	701,675	(1,617,190)	21,130,628

Scancell Holdings plc

COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 April 2017

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Investments	11	5,263,504	5,211,480
		5,263,504	5,211,480
Current assets			
Trade and other receivables	A	15,393,423	15,558,792
Cash and cash equivalents	B	611,205	550,982
		16,004,628	16,109,774
TOTAL ASSETS		21,269,912	21,321,254
LIABILITIES			
Current Liabilities			
Trade and other payables	C	(137,504)	(168,073)
TOTAL LIABILITIES		(137,504)	(168,073)
NET ASSETS		21,130,628	21,153,181
SHAREHOLDERS' EQUITY			
Called up share capital	14	261,558	261,558
Share premium	15	21,785,295	21,785,295
Share option reserve	15	701,675	649,652
Profit and loss account	15	(1,617,900)	(1,543,324)
TOTAL SHAREHOLDERS' EQUITY		21,130,628	21,153,181

These financial statements were approved by the directors on 12 September, 2017 and are authorised for issue and are signed on their behalf by:

John Chiplin
Director

Scancell Holdings plc

COMPANY STATEMENT OF CASHFLOWS

for the year ended 30 April 2017

	2017	2016
	£	£
Operating activities		
Cash generated from operations (note D)	60,223	(5,758,660)
Income taxes received	-	-
Net cash from operating activities	**60,223**	**(5,758,660)**
Financing activities		
Proceeds from issue of share capital	-	6,223,261
Expenses of share issue	-	(437,634)
Net cash generated from financing activities	**-**	**5,785,627**
Net increase in cash and cash equivalents	**60,223**	**26,967**
Cash and cash equivalents at beginning of the year	**550,982**	**524,015**
Cash and cash equivalents at end of the year	**611,205**	**550,982**
	=======	=======

A TRADE AND OTHER RECEIVABLES

Company	2017	2016
	£	£
Amount owed by group undertakings	15,355,966	15,495,087
VAT	13,271	40,138
Prepayments	24,186	23,567
	15,393,423	15,558,792

The amounts owed by group undertakings are interest free with no set repayment term.

B CASH AND CASH EQUIVALENTS

Company		
Cash at bank and in hand	611,205	550,982

C TRADE AND OTHER PAYABLES

Trade creditors	28,004	47,573
Other creditors	109,500	120,500
	137,504	168,073

D RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH GENERATED FROM OPERATIONS

Loss for the year before taxation	(74,577)	(272,995)
(Increase)/Decrease in amounts receivable	165,369	(5,503,081)
(Decrease)/Increase in amounts payable	(30,569)	17,416
Cash generated from operations	60,223	(5,758,660)